Effect of Bank scam on India's Financial credibility

936. DR. BAPU KALDATE: Will the Minister of FINANCE be pleased to state:

(a) whether the controversies regarding Bank securities scam has adversely affected India's financial credibility;

(b) what is its impact on the inflow of foreign capital and mobilisation of deposits from no-resident Indians during the last one year; and

(c) what steps are being taken to restore India's financial credibility?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) India's financial credibility is dependent primarily on the State of its economy, not withstanding the controversies regarding the bank securities scam.

(b) Foreign investment approvals exhibit considerable buoyancy. Foreign investment approvals between May, 1992—October, 1992 amounted to Rs. 22.6 billion as against Rs. 14.1 billion between August, 1991 April, 1992.

The response from Non-Resident Indians (NRIs) to the various Bank Deposit Schemes has also been found encouraging Outstanding balances in respect of NRI Bank deposits as on 31-3-1992 and 31-3-1993 have been as under:

	(Rs. in crores)
(i) 31-3-1992 . . .	21679
(ii) 31-3-1993 . . .	25599

(c) The economic reforms package of Government encompassing industrial investment, trade exchange rate management and the financial sector are among steps taken to enhance India's financial credibility.

Setting up of National Rural Bank

937. MISS SAROJ KHAPARDE: Will the Minister of FINANCE be pleased to state:

(a) whether there is any proposal under Government's consideration to set up a National Rural Bank; and

(b) if so, what are the details thereof and by when the same is likely to be set up?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) Government have initiated a process of consultation for restructuring of the Regional Rural Banks (RRBs). A number of models have been worked out and effectiveness of each is being examined from all angles. This also includes the proposal for establishment of a National Rural Bank of India (NRBI), with a view to improve the viability of RRBs and increase the flow of credit to rural sector. However, no final decision has so far been taken in this regard.

Declining Rupees Value

938. SHRI RAJNI RANJAN SAHU: SHRIMATI VEENA VERMA:

Will the Minister of FINANCE be pleased to state:

(a) whether the rupees value has lately suffered a decline and is facing prospects of further decline, vis-a-vis dollar and sterling;

(b) if so, what is the actual status of rupee value, vis-a-vis dollar and sterling over the past four months; and the reasons for the decline, if any; and

(c) what steps were taken to stablise the rupee value?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE OF IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c)